

UNIFIED SCHOOL DISTRICT NO. 109
BELLEVILLE, KANSAS

REPORT ON AUDIT
FINANCIAL STATEMENTS

JUNE 30, 2015

BRUNA AUDITING SERVICES LLC
DEREK BRUNA
CERTIFIED PUBLIC ACCOUNTANT
WASHINGTON, KANSAS

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Unified School District No. 109
Belleville, Kansas 66935

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 109, as of and for the year ended June 30, 2015 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note A to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statement based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A of the financial statement, the financial statement is prepared by the Unified School District No. 109 to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 109 as of June 30, 2015, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In my opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 109 as of June 30, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note A.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

The 2014 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget (Statement 3 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2015 basic financial statement upon which we rendered an unmodified opinion dated November 9, 2015. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statement. The 2014 comparative information was subjected to the auditing procedures applied in the audit of the 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statement or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is fairly stated in all material respects in relation to the 2014 basic financial statement as a whole, on the basis of accounting described in Note A.

Bruna Auditing Services LLC

 *Derek Bruna* CPA

Derek Bruna, CPA
Washington, Kansas
November 9, 2015

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
Regulatory Basis
For The Year Ended June 30, 2015

Fund General Funds:	Statement Number	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances & A/P	STATEMENT 1
								Ending Cash Balance
General Fund	3-1	\$ 0	\$ 0	\$ 3,629,952	\$ 3,629,952	\$ 0	\$ 0	\$ 8,560
Supplemental General	3-2	64,265	0	1,218,658	1,282,923	(0)	0	52,955
Special Purpose Funds:								
At Risk-(K 12) Fund	3-3	185,000	0	292,885	292,885	185,000	0	185,000
Capital Outlay Fund	3-4	828,499	0	530,403	756,586	602,316	11,057	613,373
Driver Training	3-5	17,204	0	6,539	5,294	18,449	0	18,449
Food Service Fund	3-6	72,013	0	315,226	307,020	80,219	0	80,219
Professional Development Fund	3-7	22,001	0	3,425	5,614	19,812	499	20,311
Parent Education Fund	3-8	0	0	7,700	7,700	0	0	0
Special Education Fund	3-9	360,677	0	721,021	724,990	356,708	0	356,708
Vocational Education Fund	3-10	80,548	0	91,524	93,447	78,625	0	78,625
Gifts and Grants Fund	3-11	5,529	0	15,576	14,027	7,078	500	7,578
Health Care Reserve Fund	3-12	21,522	0	0	9,851	11,671	0	11,671
Kpers Retirement Fund	3-13	0	0	265,378	265,378	0	0	0
Contingency Reserve Fund	3-14	359,002	0	10,000	29,750	339,252	0	339,252
Clearing Accounts Fund	3-15	0	0	19,315	19,315	0	0	0
Textbook Rental Fund	3-16	134,636	0	23,778	47,928	110,486	0	110,486
Title I Fund-Current	3-17	0	0	79,555	79,555	0	0	0
Title I Fund-Carryover	3-18	0	0	12,747	12,747	0	0	0
Teacher Quality Carryover	3-19	0	0	4,951	4,951	0	0	0
Title II A-Teacher Quality Fund	3-20	0	0	26,602	26,602	0	0	0
Federal Reap Fund	3-21	0	0	27,199	27,199	0	0	0
Virtual Education	3-22	0	0	15,398	15,371	27	0	27
Bond and Interest Funds:								
Bond and Interest Fund	3-23	68,829	0	11,501	66,527	13,803	0	13,803
Total Reporting Entity (Excluding Agency Funds)		\$ 2,219,725	\$ 0	\$ 7,329,333	\$ 7,725,612	\$ 1,823,446	\$ 73,571	\$ 1,897,017

Composition of Cash

Money Market Accounts	\$ 1,418,475
Certificate of Deposit	500,000
Operating Accounts	62,482
Petty Cash	3,100
Total Cash	1,984,057
Agency Funds Statement 4	(87,040)
Total Cash Excluding Agency Funds	1,897,017

**REGULATORY - REQUIRED
SUPPLEMENTARY INFORMATION**

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

STATEMENT 2

Fund	Statement Number	Certified Budget	Adjustments		Adjustments For Qualifying Budget Credits	Total Budget For Comparison	Expenditures Chargeable To Current Year	Variance Over (Under)
			To Comply With Legal Max					
General Funds:								
General Fund	3-1	\$ 3,680,201	\$ (52,773)	\$ 0	\$ 3,627,428	\$ 3,629,952	\$ 2,524	
Supplemental General	3-2	1,282,922	0	0	1,282,922	1,282,923	1	
Special Purpose Funds:								
At Risk (K-12)	3-3	356,100	0	0	356,100	292,885	(63,215)	
Capital Outlay	3-4	1,000,000	0	0	1,000,000	756,586	(243,414)	
Driver Training	3-5	8,350	0	0	8,350	5,294	(3,056)	
Food Service	3-6	326,771	0	0	326,771	307,020	(19,751)	
Professional Development	3-7	12,000	0	0	12,000	5,614	(6,386)	
Parent Education Program	3-8	8,800	0	0	8,800	7,700	(1,100)	
Special Education	3-10	852,451	0	0	852,451	724,990	(127,461)	
Vocational Education	3-11	110,500	0	0	110,500	93,447	(17,053)	
Gifts and Grants	3-12	10,529	0	0	10,529	14,027	3,498	
KPERs Retirement	3-13	323,694	0	0	323,694	265,378	(58,316)	
Virtual Education	3-23	18,000	0	0	18,000	15,371	(2,629)	
Bond and Interest Funds:								
Bond And Interest	3-22	66,627	0	0	66,627	66,527	(100)	
TOTALS		\$ 8,056,945	\$ (52,773)	\$ 0	\$ 8,004,172	\$ 7,467,714	\$ (536,458)	

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET
Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-1

	GENERAL FUND		Current Year	
	Prior Year	Statutory Transactions	Budget	Variance Over (Under)
	Actual Transactions			
Statutory Receipts				
Taxes In Process	\$ 16,811	\$ 0	0	\$ 0
Ad Valorem Property Tax	688,358	0	0	0
Delinquent Tax	4,096	0	0	0
General State Aid	2,435,322	3,218,931	3,144,707	74,224
Recreational Vehicle Tax	0	0	0	0
Other Revenue	430	0	0	0
Transfer	0	0	0	0
Ed Jobs Fund	0	0	0	0
Special Education Aid	455,795	411,021	473,862	(62,841)
Total Statutory Receipts	\$ 3,600,812	\$ 3,629,952	3,618,569	\$ 11,383
Expenditures				
Instruction	\$ 1,455,375	\$ 1,597,389	1,572,379	\$ 25,010
Student Support Services	102,768	109,626	106,362	3,264
Instructional Support Staff	103,568	98,232	103,295	(5,063)
General Administration	237,776	198,299	241,610	(43,311)
School Administration	260,816	270,074	272,750	(2,676)
Operations and Maintenance	367,157	417,786	403,731	14,055
Transportation	174,658	166,066	177,200	(11,134)
Other Supplemental Service	52,900	70,952	52,250	18,702
Operating Transfers	845,793	701,528	697,851	3,677
Adjustment to Comply With Legal Mix	0	0	0	0
Adjustment For Qualifying Budget Credits	0	0	0	0
Total Expenditures	\$ 3,600,811	\$ 3,629,952	3,627,428	\$ 2,524
Statutory Revenues Over (Under) Expenditures	1	0		
Modified Unencumbered Cash - Beginning	(1)	0		
Prior Year Cancelled Encumbrances	0	0		
Modified Unencumbered Cash - Ending	\$ 0	\$ 0		

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET
Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-2

SUPPLEMENTAL GENERAL FUND

	Prior Year Actual Transactions	Current Year		Variance Over (Under)
		Statutory Transactions	Budget	
Statutory Revenues				
Taxes in Process	\$ 22,798	\$ 25,581	20,859	\$ 4,722
Ad Valorem Property Tax	840,241	775,186	739,606	35,580
Delinquent Tax	7,475	10,600	13,323	(2,723)
Other Local Sources	0	0	0	0
Motor Vehicle/RV Tax	113,290	110,084	111,950	(1,866)
Other County Revenue	477	1,123	0	1,123
Machinery & Equipment State Aid	0	0	0	0
Federal Grant - ARRA	0	0	0	0
Transfer from Contingency Reserve	0	29,750	0	29,750
State Aid	258,288	266,334	332,918	(66,584)
Total Statutory Revenues	\$ 1,242,569	\$ 1,218,658	1,218,656	\$ 2
Expenditures				
Instruction	\$ 293,298	\$ 310,587	313,060	\$ (2,473)
Support Service	14,478	16,668	18,000	(1,332)
Instructional Support Staff	0	0	0	0
General Administration	11,844	11,109	28,450	(17,341)
Operation and Maintenance	143,685	130,102	204,500	(74,398)
Transportation	119,153	156,459	197,000	(40,541)
Operating Transfers	677,542	657,998	521,912	136,086
Total Expenditures	\$ 1,260,000	\$ 1,282,923	1,282,922	\$ 1
Statutory Revenues Over (Under) Expenditures	(17,431)	(64,265)		
Modified Unencumbered Cash - Beginning	81,696	64,265		
Prior Year Cancelled Encumbrances	0	0		
Modified Unencumbered Cash - Ending	\$ 64,265	\$ (0)		

UNIFIED SCHOOL DISTRICT NO. 109

Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES

ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-3

SPECIAL PURPOSE FUNDS

AT RISK (K-12) FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfer from General	\$ 53,970	\$ 80,145	185,000	\$ (104,855)
PLATO	0	0	0	0
Transfer from Supp General	246,774	212,740	116,912	95,828
Total Cash Receipts	\$ 300,744	\$ 292,885	\$ 301,912	\$ (9,027)
Expenditures				
Instruction	\$ 263,560	\$ 257,446	273,000	\$ (15,554)
Support	41,084	35,439	83,100	(47,661)
Total Expenditures	\$ 304,644	\$ 292,885	\$ 356,100	\$ (63,215)
Receipts Over (Under) Expenditures	(3,900)	0		
Unencumbered Cash - Beginning	188,900	185,000		
Unencumbered Cash - Ending	\$ 185,000	\$ 185,000		

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET
Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-4

SPECIAL PURPOSE FUNDS

CAPITAL OUTLAY FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Ad Valorem Tax	\$ 302,781	\$ 313,085	307,625	\$ 5,460
Delinquent Tax	885	1,955	4,800	(2,845)
Interest on Idle Funds	2,534	1,807	0	1,807
Other Local Source	104,877	8,504	0	8,504
In Lieu of Taxes	171	0	0	0
Motor Vehicle/RV Tax	12,082	24,622	25,430	(808)
In Process	3,866	9,218	7,469	1,749
State Aid	0	9,212	16,719	(7,507)
Transfer	324,999	162,000	37,500	124,500
Total Cash Receipts	\$ 752,195	\$ 530,403	\$ 399,543	\$ 130,860
Expenditures				
Instruction Furn/Equip	\$ 0	\$ 0	0	\$ 0
Student Support Services	2,961	3,823	75,000	(71,177)
Instructional Support	0	0	0	0
General Administration	0	0	0	0
Operations & Maintenance	131,895	135,881	110,000	25,881
Transportation	0	0	0	0
Facility Improvements	738,268	616,882	815,000	(198,118)
Total Expenditures	\$ 873,124	\$ 756,586	\$ 1,000,000	\$ (243,414)
Receipts Over (Under) Expenditures	(120,929)	(226,183)		
Unencumbered Cash - Beginning	949,428	828,499		
Unencumbered Cash - Ending	\$ 828,499	\$ 602,316		

UNIFIED SCHOOL DISTRICT NO. 109

Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES

ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-5

SPECIAL PURPOSE FUNDS

DRIVER TRAINING FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
State Aid	\$ 2,210	\$ 2,139	1,955	\$ 184
Local Sources	4,600	4,400	4,000	400
Operating Transfers	0	0	0	0
Total Cash Receipts	<u>\$ 6,810</u>	<u>\$ 6,539</u>	<u>\$ 5,955</u>	<u>\$ 584</u>
Expenditures				
Instruction	\$ 5,800	\$ 5,294	8,350	\$ (3,056)
Operations & Maintenance	0	0	0	0
Total Expenditures	<u>\$ 5,800</u>	<u>\$ 5,294</u>	<u>\$ 8,350</u>	<u>\$ (3,056)</u>
Receipts Over (Under) Expenditures	1,010	1,245		
Unencumbered Cash - Beginning	<u>16,194</u>	<u>17,204</u>		
Unencumbered Cash - Ending	<u>\$ 17,204</u>	<u>\$ 18,449</u>		

UNIFIED SCHOOL DISTRICT NO. 109
 Belleville, Kansas
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 ACTUAL AND BUDGET
 Regulatory Basis
 For The Year Ended June 30, 2015
 (With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-6

SPECIAL PURPOSE FUNDS

FOOD SERVICE FUND

	<u>Prior Year Actual</u>	<u>Current Year</u>		<u>Variance Over (Under)</u>
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Federal Aid	\$ 158,624	\$ 170,961	150,658	\$ 20,303
State Aid	2,987	3,084	2,560	524
Student & Adult Receipts	88,657	93,705	91,142	2,563
Operating Transfers	<u>30,000</u>	<u>47,476</u>	<u>30,462</u>	<u>17,014</u>
Total Cash Receipts	<u>\$ 280,268</u>	<u>\$ 315,226</u>	<u>\$ 274,822</u>	<u>\$ 40,404</u>
Expenditures				
Food Service Operations	<u>292,288</u>	<u>307,020</u>	<u>326,771</u>	<u>(19,751)</u>
Total Expenditures	<u>\$ 292,288</u>	<u>\$ 307,020</u>	<u>\$ 326,771</u>	<u>\$ (19,751)</u>
Receipts Over (Under) Expenditures	(12,020)	8,206		
Unencumbered Cash - Beginning	<u>84,033</u>	<u>72,013</u>		
Unencumbered Cash - Ending	<u>\$ 72,013</u>	<u>\$ 80,219</u>		

UNIFIED SCHOOL DISTRICT NO. 109
 Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
 ACTUAL AND BUDGET
 Regulatory Basis

For The Year Ended June 30, 2015
 (With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-7

SPECIAL PURPOSE FUNDS

PROFESSIONAL DEVELOPMENT FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Local Revenue	\$ 0	\$ 925	\$ 0	\$ 925
Operating Transfers	0	2,500	0	2,500
Total Cash Receipts	\$ 0	\$ 3,425	\$ 0	\$ 3,425
Expenditures				
Instructional Services	\$ 5,516	\$ 5,614	\$ 12,000	\$ (6,386)
Total Expenditures	\$ 5,516	\$ 5,614	\$ 12,000	\$ (6,386)
Receipts Over (Under) Expenditures	(5,516)	(2,189)		
Unencumbered Cash - Beginning	27,517	22,001		
Unencumbered Cash - Ending	\$ 22,001	\$ 19,812		

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET
Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-8

SPECIAL PURPOSE FUNDS

PARENT EDUCATION PROGRAM FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Other District	\$ 0	\$ 0	0	\$ 0
Transfer from General	7,700	7,700	8,800	(1,100)
Transfer from Supp General	0	0	0	0
Total Cash Receipts	\$ 7,700	\$ 7,700	\$ 8,800	\$ (1,100)
Expenditures				
Student Support Services	\$ 7,700	\$ 7,700	8,800	\$ (1,100)
Total Expenditures	\$ 7,700	\$ 7,700	\$ 8,800	\$ (1,100)
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash - Beginning	0	0		
Unencumbered Cash - Ending	\$ 0	\$ 0		

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET
Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-9

SPECIAL PURPOSE FUNDS
SPECIAL EDUCATION FUND

	Current Year			Variance Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
State Aid	\$ 0	\$ 0	0	\$ 0
Operating Transfers	785,795	721,021	803,862	(82,841)
Total Cash Receipts	<u>\$ 785,795</u>	<u>\$ 721,021</u>	<u>\$ 803,862</u>	<u>\$ (82,841)</u>
Expenditures				
Instruction	\$ 0	\$ 0	0	\$ 0
General Administration	773,939	711,110	803,051	(91,941)
School Administration	0	0	30,000	(30,000)
Operations and Maintenance	0	0	0	0
Student Transportation	0	0	0	0
Vehicle Operating	8,183	8,895	9,800	(905)
Vehicle Maintenance	16,435	4,985	9,600	(4,615)
Total Expenditures	<u>\$ 798,557</u>	<u>\$ 724,990</u>	<u>\$ 852,451</u>	<u>\$ (127,461)</u>
Receipts Over (Under) Expenditures	(12,762)	(3,969)		
Unencumbered Cash - Beginning	<u>373,439</u>	<u>360,677</u>		
Unencumbered Cash - Ending	<u>\$ 360,677</u>	<u>\$ 356,708</u>		

UNIFIED SCHOOL DISTRICT NO. 109
 Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
 ACTUAL AND BUDGET
 Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-10

SPECIAL PURPOSE FUNDS
VOCATIONAL EDUCATION FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers	\$ 60,000	\$ 91,524	\$ 90,000	\$ 1,524
Total Cash Receipts	\$ 60,000	\$ 91,524	\$ 90,000	\$ 1,524
Expenditures				
Instruction	\$ 78,438	\$ 93,447	\$ 110,500	\$ (17,053)
Total Expenditures	\$ 78,438	\$ 93,447	\$ 110,500	\$ (17,053)
Receipts Over (Under) Expenditures	(18,438)	(1,923)		
Unencumbered Cash - Beginning	98,986	80,548		
Unencumbered Cash - Ending	\$ 80,548	\$ 78,625		

UNIFIED SCHOOL DISTRICT NO. 109

Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES

ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-11

SPECIAL PURPOSE FUNDS

GIFTS AND GRANTS FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Contributions & Donations	\$ 21,375	\$ 15,576	5,000	\$ 10,576
Total Cash Receipts	\$ 21,375	\$ 15,576	\$ 5,000	\$ 10,576
Expenditures				
Instruction	\$ 23,857	\$ 14,027	10,529	\$ 3,498
Total Expenditures	\$ 23,857	\$ 14,027	\$ 10,529	\$ 3,498
Receipts Over (Under) Expenditures	(2,482)	1,549		
Unencumbered Cash - Beginning	8,011	5,529		
Unencumbered Cash - Ending	\$ 5,529	\$ 7,078		

UNIFIED SCHOOL DISTRICT NO. 109
 Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis
 For The Year Ended June 30, 2015
 (With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-12

SPECIAL PURPOSE FUNDS
HEALTH CARE RESERVE FUND

	Prior Year 2014	Current Year 2015
	<u> </u>	<u> </u>
Cash Receipts		
Interest on Idle Funds	\$ 0	\$ 0
District Contributions	0	0
Other	<u> 0</u>	<u> 0</u>
Total Cash Receipts	<u> 0</u>	<u> 0</u>
Expenditures		
Premiums	10,859	9,851
Premiums Refunded	0	0
Claims	0	0
Miscellaneous Expense	<u> 0</u>	<u> 0</u>
Total Expenditures	<u> 10,859</u>	<u> 9,851</u>
Receipts Over (Under) Expenditures	(10,859)	(9,851)
Unencumbered Cash - Beginning	<u> 32,381</u>	<u> 21,522</u>
Unencumbered Cash - Ending	\$ <u> 21,522</u>	\$ <u> 11,671</u>

This is not a budgeted fund
 See Accountant's Report and Accompanying Notes

UNIFIED SCHOOL DISTRICT NO. 109
 Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
 ACTUAL AND BUDGET
 Regulatory Basis

For The Year Ended June 30, 2015
 (With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-13

SPECIAL PURPOSE FUNDS
KPERS RETIREMENT FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Employers Payments	\$ 265,323	\$ 265,378	323,694	\$ (58,316)
Total Cash Receipts	\$ 265,323	\$ 265,378	\$ 323,694	\$ (58,316)
Expenditures				
Benefits	\$ 265,323	\$ 265,378	323,694	\$ (58,316)
Total Expenditures	\$ 265,323	\$ 265,378	\$ 323,694	\$ (58,316)
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash - Beginning	0	0		
Unencumbered Cash - Ending	\$ 0	\$ 0		

UNIFIED SCHOOL DISTRICT NO. 109
 Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

For The Year Ended June 30, 2015
 (With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-14

SPECIAL PURPOSE FUNDS
CONTINGENCY RESERVE FUND

	Prior Year 2014	Current Year 2015
	<u> </u>	<u> </u>
Cash Receipts	\$ <u> 0</u>	\$ <u> 10,000</u>
Expenditures	<u> 12,233</u>	<u> 29,750</u>
Receipts Over (Under) Expenditures	(12,233)	(19,750)
Unencumbered Cash - Beginning	<u> 371,235</u>	<u> 359,002</u>
Unencumbered Cash - Ending	\$ <u> 359,002</u>	\$ <u> 339,252</u>

UNIFIED SCHOOL DISTRICT NO. 109
 Belleville, Kansas
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis
 For The Year Ended June 30, 2015
 (With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-15

	<u>SPECIAL PURPOSE FUNDS</u> <u>CLEARING ACCOUNT FUND</u>	
	Prior Year 2014	Current Year 2015
Cash Receipts	\$ <u>20,908</u>	\$ <u>19,315</u>
Expenditures	<u>20,908</u>	<u>19,315</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

UNIFIED SCHOOL DISTRICT NO. 109
 Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-16

SPECIAL PURPOSE FUNDS
TEXTBOOK RENTAL FUND

	Prior Year 2014	Current Year 2015
	<u> </u>	<u> </u>
Cash Receipts		
Rental Fees	\$ 9,160	\$ 13,996
Transfers	<u>14,098</u>	<u>9,782</u>
Total Cash Receipts	<u>23,258</u>	<u>23,778</u>
Expenditures		
Textbooks	54,981	47,112
Other	<u>0</u>	<u>816</u>
Total Expenditures	<u>54,981</u>	<u>47,928</u>
Receipts Over (Under) Expenditures	(31,723)	(24,150)
Unencumbered Cash - Beginning	<u>166,359</u>	<u>134,636</u>
Unencumbered Cash - Ending	\$ <u>134,636</u>	\$ <u>110,486</u>

UNIFIED SCHOOL DISTRICT NO. 109
 Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-17

SPECIAL PURPOSE FUNDS
TITLE I FUND - CURRENT

	Prior Year 2014	Current Year 2015
	<u> </u>	<u> </u>
Cash Receipts		
Reimbursement	\$ <u>72,237</u>	\$ <u>79,555</u>
Total Cash Receipts	<u><u>72,237</u></u>	<u><u>79,555</u></u>
Expenditures		
Title 1 - Current	<u>72,237</u>	<u>79,555</u>
Total Expenditures	<u><u>72,237</u></u>	<u><u>79,555</u></u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

UNIFIED SCHOOL DISTRICT NO. 109
 Belleville, Kansas
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis
 For The Year Ended June 30, 2015
 (With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-18

SPECIAL PURPOSE FUNDS
TITLE I FUND - CARRYOVER

	Prior Year 2014	Current Year 2015
	<u> </u>	<u> </u>
Cash Receipts	\$ <u> 14,111</u>	\$ <u> 12,747</u>
Disbursements	<u> 14,111</u>	<u> 12,747</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u> 0</u>	<u> 0</u>
Unencumbered Cash - Ending	\$ <u> 0</u>	\$ <u> 0</u>

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-19

SPECIAL PURPOSE FUNDS
TEACHER QUALITY CARRYOVER

	Prior Year 2014	Current Year 2015
Cash Receipts	\$ <u>8,353</u>	\$ <u>4,951</u>
Disbursements	<u>8,353</u>	<u>4,951</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

UNIFIED SCHOOL DISTRICT NO. 109
 Belleville, Kansas
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis
 For The Year Ended June 30, 2015
 (With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-20

SPECIAL PURPOSE FUNDS
TITLE II-A-TEACHER QUALITY FUND

	Prior Year 2014	Current Year 2015
	<u> </u>	<u> </u>
Cash Receipts	\$ <u>27,850</u>	\$ <u>26,602</u>
Cash Disbursements	<u>27,850</u>	<u>26,602</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

UNIFIED SCHOOL DISTRICT NO. 109
 Belleville, Kansas
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis
 For The Year Ended June 30, 2015
 (With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-21

	<u>SPECIAL PURPOSE FUNDS</u> <u>FEDERAL REAP FUND</u>	
	Prior Year 2014	Current Year 2015
	<u> </u>	<u> </u>
Cash Receipts		
Federal Aid	\$ <u>12,867</u>	\$ <u>27,199</u>
Total Cash Receipts	<u>12,867</u>	<u>27,199</u>
Expenditures		
Other Purchased Services	<u>12,867</u>	<u>27,199</u>
Total Expenditures	<u>12,867</u>	<u>27,199</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

UNIFIED SCHOOL DISTRICT NO. 109
 Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
 ACTUAL AND BUDGET
 Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-22

SPECIAL PURPOSE FUNDS
VIRTUAL EDUCATION

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfer From General	\$ 0	14,638	0	14,638
Other Local	0	\$ 760	0	\$ 760
Total Cash Receipts	<u>\$ 0</u>	<u>\$ 15,398</u>	<u>\$ 0</u>	<u>\$ 15,398</u>
Expenditures				
Purchased Tech Services	0	0	18,000	(18,000)
ALP Fees	\$ 0	\$ 15,371	0	\$ 15,371
Total Expenditures	<u>\$ 0</u>	<u>\$ 15,371</u>	<u>\$ 18,000</u>	<u>\$ (2,629)</u>
Receipts Over (Under) Expenditures	0	27		
Unencumbered Cash - Beginning	0	0		
Unencumbered Cash - Ending	<u>\$ 0</u>	<u>\$ 27</u>		

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET
Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-23

BOND AND INTEREST FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Ad Valorem Taxes	39,387	1,136	945	191
Delinquent Taxes	476	605	902	(297)
In Lieu of Taxes	22	0	0	0
Motor Vehicle Tax	7,094	6,312	9,563	(3,251)
Recreational Vehicle Tax	85	72	110	(38)
Machinery & Equipment State Aid	0	0	0	0
State Aid	5,802	3,326	3,326	0
Other	\$ 0	\$ 50	\$ 0	\$ 50
Total Cash Receipts	\$ 52,866	\$ 11,501	\$ 14,846	\$ (3,345)
Expenditures				
Bond Principal	\$ 60,000	\$ 65,000	\$ 65,000	\$ 0
Bond Interest	4,465	1,527	1,528	(1)
Total Expenditures	\$ 64,465	\$ 66,527	\$ 66,528	\$ (1)
Receipts Over (Under) Expenditures	(11,599)	(55,026)		
Unencumbered Cash - Beginning	80,428	68,829		
Unencumbered Cash - Ending	\$ 68,829	\$ 13,803		

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

SUMMARY OF RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
Regulatory Basis
For The Year Ended June 30, 2015

STATEMENT 4

SCHOOL/DISTRICT ACTIVITY FUNDS

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances/ Accounts Pay.	Ending Cash Balance
High School Activity	\$	\$	\$	\$	\$	\$	\$
Band	735		2,761	2998	498		498
Sales Tax	2		3,953	3955	0		0
BAKKEN - Band Uniform	0		0	0	0		0
FBLA	438		11,240	6135	5,543		5,543
Class of 2016	443		7,769	7587	625		625
Class of 2017	450		0	18	432		432
Class of 2018	0		500	0	500		500
Class of 2013	316		0	316	0		0
Class of 2014	2,290		1,500	3129	661		661
Class of 2015	1,328		2,632	2090	1,930		1,930
Art Club	434		58	133	359		359
Keys	572		4,064	4257	379		379
Science Club	364		56	0	420		420
Spanish Club	340		0	0	340		340
Cheerleaders	655		10,441	10303	793		793
JH Cheerleaders	411		0	0	411		411
FFA	2,857		33,275	34872	1,260		1,260
Actor's Guild	13,060		17,323	22015	8,368		8,368
FFA Greenhouse	6,980		3,349	0	10,329		10,329
FCCLA	1,828		85	1011	902		902
Student Council	4,295		4,961	5941	3,315		3,315
JH Student Council	0		1,003	1003	0		0
Vocal Music	0		356	356	0		0
National Honor Society	314		1,084	1069	329		329
FCCLA Concessions Accounts	917		7,890	5782	3,025		3,025
JH Concessions	3,185		11,750	11228	3,707		3,707
JH Fund	4,600		2,341	1291	5,650		5,650
FFA Fair Account	981		0	0	981		981
Subtotal High School	\$ 47,795	\$ 0	\$ 128,391	\$ 0	\$ 50,757	\$ 0	\$ 50,757
Other School Funds							
East Library Book Fair	\$ 1,997	\$	4,186	3,138	3,045	\$	3,045
A. R. Store	4,864		2,128	2,111	4,881		4,881
5TH Grade	500		7,851	7,317	1,034		1,034
Miscellaneous	1,970		3,065	2,970	2,065		2,065
Book Fair	6		2,168	2,124	50		50
Show Choir Performances	0		200	0	200		200
Middle School	0		0	0	0		0
Academic Achievers	238		500	0	738		738
Jazz Band - Trip Funds	102		0	102	0		0
Incentive Programs - RCHS	4,726		3,327	2,999	5,054		5,054
Chicago Band Trip	8,186		0	865	7,321		7,321
Football - Irrigation	21		0	0	21		21
RCHS Volleyball	466		5,364	5,378	452		452
RCJH BB/vb	53		256	232	77		77
High School Golf	0		265	162	103		103
High School Softball	0		5,091	4,835	256		256
Cross - Country	100		0	0	100		100
Subtotal Other	\$ 23,229	\$ 0	\$ 34,401	\$ 32,233	\$ 25,397	\$ 0	\$ 25,397
Gate Receipts							
High School	\$ 137	\$	47,237	47,175	199	\$	199
Drama	10,453		3,690	3,502	10,641		10,641
Scholar Bowl	50		920	924	46		46
Junior High	0		0	0	0		0
Subtotal Athletic Receipts	\$ 10,640	\$ 0	\$ 51,847	\$ 51,601	\$ 10,886	\$ 0	\$ 10,886
Fee and User Charges							
USD 109	\$ 0	\$	14517	14517	0	\$	0
Vo Ag	0		1,855	1,855	0		0
Science Lab	0		1,590	1,590	0		0
Art	0		2,673	2,673	0		0
Board Office	0		0	0	0		0
Band	0		4,078	4,078	0		0
FACS	0		320	320	0		0
Subtotal Fee and User Charges	\$ 0	\$ 0	\$ 25,033	\$ 10,516	\$ 0	\$ 0	\$ 0
Total Activity Funds	\$ 81,664	\$ 0	\$ 239,672	\$ 94,350	\$ 87,040	\$ 0	\$ 87,040

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Unified School District No. 109 is a municipal Corporation established under Kansas Statute. All USDs in Kansas are required to be audited under K.S.A. 75-1122. The District is governed by an elected seven member board. The financial statements present the financial condition and results of operation of the district. The District's major operations include primary and secondary education for young people. The scope of the entity for financial reporting purposes is designed as those funds for which the District has oversight responsibility and is primarily accountable. Oversight responsibility includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursement of funds.

This report is intended solely for the information and use of the Board of Education and management of USD 109, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and Kansas State Board of Education, and should not be used for any other purposes.

The Kansas Municipal Audit and Accounting Guide will be referred to as KMAAG throughout the notes.

Basis of Presentation

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restricts, or limitations. The following are Regulatory Basis Fund Types:

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

Trust fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Basis of Accounting-KMAAG Regulatory Basis of Accounting (Formerly Statutory Basis)

The KMAAG regulatory audit requirement of K.S.A. 75-1122 applies to each individual municipality as defined in K.S.A. 75-1117. The KMAAG regulatory financial reporting entity is comprised of the "municipality" as defined in K.S.A. 75-1117, as a minimum, and may also include certain separate legal entities referred to as "related municipal entities" as defined by KMAAG.

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

GAAP Basis Financial Statements - Minimum Requirements. GAAP basis financial statements are financial statements prepared in accordance with "Governmental Accounting and Financial Reporting Standards" as promulgated by the Governmental Accounting Standards Board (GASB). For KMAAG purposes, if GAAP basis financial statements are presented, the basic financial statements and notes must be presented at a minimum. All other supplemental schedules are optional. However, the KMAAG mandatory note disclosures (if applicable) must still be presented even though they might not otherwise be required by GAAP to be included in the notes. KMAAG does not provide an example of GAAP financial statements.

Regulatory Basis Financial Statements - Minimum Requirements. If GAAP basis financial statements are not presented, then: 1) a GAAP waiver resolution must be passed, and 2) regulatory basis financial statements including regulatory-required supplementary information, must be presented. Regulatory basis financial statements are financial statements prepared in accordance with the guidelines of KMAAG. Such financial statements are prepared on a basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas and prepared in accordance with the prescribed format established by KMAAG.

The regulatory basis financial statement consists of a single basic financial statement which is a summary statement containing all funds and related municipalities included in the financial reporting entity and demonstrating compliance with the cash basis law. The remainder of the required financial information to be presented is considered regulatory-required supplementary information which includes 1) a fund summary schedule containing all funds and showing compliance with the budget law for those funds required to be budgeted, 2) individual fund schedules for all funds except agency funds, with budget comparisons for those funds required to be budgeted, 3) a fund summary schedule, for agency funds only, showing cash balances and changes therein, and 4) special schedules unique to the municipality. Note: Regulatory-required supplementary information are the additional schedules that are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide and are not to be considered as required supplementary information as defined by auditing standards generally accepted in the United States of America. In addition, the KMAAG mandatory note disclosures must be presented and must include all disclosures necessary for fair presentation in accordance with the KMAAG regulatory basis framework. All other schedules that may be presented are optional.

Departure from GAAP

A waiver from the requirement to prepare and audit GAAP basis financial statements is necessary *only if* the municipality decides to present regulatory basis financial statements. A waiver is not required for financial statements that are prepared in accordance with the GAAP basis framework but include certain departures from GAAP. For example, if GAAP financial statements are presented but do not include the management discussion and analysis, this would be a departure from GAAP. However, even lacking the management discussion and analysis required supplementary information, the basic financial statements may still be presented on a GAAP basis framework, thus a waiver would not be required. The District has approved a resolution that is compliance with K.S.A. 75-1120a(c) waiving the annual for application of GAAP for the year ended 6/30/15. This waiver is completed annually and allows the District to use the regulatory basis of accounting.

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balance, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statement.

Reimbursed Expenses

The purpose of these expenditures is to repay the district for amounts remitted on behalf of another party and such expenditures are exempt for the budget law under K.S.A. 79-2934. Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement. The Municipality records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

2014 Financial Data

Amounts that are shown for 2014 in the accompanying financial statements are included where practical, only to provide a basis for comparison with 2015, and are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

Cash and Investments

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

Ad Valorem Tax Revenue

The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually the determination of assessed valuation and the collections of property taxes for all political subdivisions in determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the District by January 20 to help finance the current year's budget. The second half is due May 10 and distributed to the District June 5. The District Treasurer draws all available funds from the County Treasurer's Office at designated times throughout the year.

Budgetary Data

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service fund. The statutes provide for the following sequence and time table in the adoption of the annual operating budget:

- Preparation of the budget for the succeeding calendar year on or before August 1st.
- Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
- Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increase in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. These taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10. Delinquent taxes are assessed interest at 9% per annum. This interest is retained by the County.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budget receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditures authority) lapse at year-end.

A legal operating budget is not required for trust funds, agency funds, and the following special revenue funds: Textbooks and Student Materials, Athletic Gate Receipts and other School Agency/Activity Funds, Fee and User Charges/Clearing Accounts, Contingency Reserve, Employee Benefits, Health Care Reserve Fund, Title IIA-Teacher Quality, Title I, and Federal Funds.

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of Internal spending limits established by the governing body.

Inventories and prepaid expenses which benefit future periods are recorded as an expenditures during the year of purchase. For disclosure purposes, material inventories would be reported as an asset offset by a reserve. The district had no material inventories.

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance With Kansas Statutes and Other Finance Related Legal Matters

There are no noted violations with such compliance requirements.

NOTE C- DEPOSITS AND INVESTMENTS

Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk. Cash balances from all funds are combined and invested to the extent available in certificates of deposits and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Municipality's deposits may not be returned to it. State statutes require the Municipality's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2014.

At year-end the carrying amount of the district's deposits, including certificates of deposit and money market accounts was \$1,897,017. The bank balances were \$62,482 and activity operating accounts had a balance of \$87,040. Petty cash accounts were \$3,100. The money market account balance was \$1,418,475. The District had a CD for \$500,000 this fiscal year ended. Any differences between the carrying amount and the bank balance are outstanding checks and deposits in transit. Of the bank balance, \$250,000 was covered by FDIC insurance and the remaining balance was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the district's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a third-party custodial agreement signed by all three parties: the district, the pledging bank, and the independent third-party banks holding the securities.

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June 30, 2015

Investment Policy

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit investment choices. Funds of the district were on deposit in interest bearing accounts in banks and Certificates of Deposits issued by banks at June 30, 2015.

The cash of each of the funds of the district is pooled together so that better management of cash and investments can be practiced, resulting in greater earnings accruing to the district. Please refer to Statement 1 to review how the various funds are accruing interest.

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Municipality will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE D- FRINGE BENEFIT PLAN I.R.C. 125

The District has in place an IRS-IRC Section #125 "Cafeteria" Fringe Benefit Plan. The options under the plan are salary reduction options. In addition, each employee may choose to take the benefit in cash, a taxable option. Employees that are eligible for the plan are all full time employees. The plan year runs from October 1 to September 30 annually. The maximum benefit allowance per employee is \$2500/yr for the years ended June 30, 2014, and 2015. The maximum for the dependent care reimbursement account is \$5000 annually. Provisions available are:

- Group Health Insurance
- Group Term Life Insurance (\$50,000 maximum) Salary Protection Insurance
- Cancer Insurance
- Medical Reimbursement Accounts
- Dependent Care Reimbursement Accounts

NOTE E- CONTINGENT LIABILITIES

The district has computed the unfunded accumulated sick/personal leave costs as of June 30, 2014 and 2015, to be \$478,605 and \$483,152, respectively. The number of employees for the respective years were 68 and 62. Please Refer to Note F for further information on compensated absences.

NOTE F- COMPENSATED ABSENCES

The district's policy is that each qualified classified employee is allowed to accumulate a maximum of 60 days of sick leave, while certified employees reach their maximum at 80 days. In the case of an absence, the employees are reimbursed what their hourly rate or other rate is. In case of retirement, whether classified or certified, you are allowed payment for half of the maximum days accumulated. For certified employees the rate is \$85/day, and 90% of wage for classified. The administration support employees are maxed at \$85/day. Nine and ten month employees receive 9 and 10 sick days annually, while full time employees get 12 days leave time. All classified employees receive 2 other personal days. Employees are not allowed to combine sick or "other days" for a total of more than the maximum allowable. Classified 12 month employees get 5 vacation days after one year of service, 10 days for years of service between two and fifteen years, 15 days after 15 years, and 20 days after 30 years. There is no merit pay provision in the schools negotiated agreement nor is there a good health or absentee benefit.

NOTE G- DEFINED BENEFIT PENSION PLAN

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, etc. seq. KPERs provides retirement benefits, life

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. *Funding Policy.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends KMAAG (1/15) D-10 on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the statutory required employer share.

Net Pension Liability. The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. As of June 30, 2014 the net pension liability for KPERS was \$8,291,794,910. KPERS has determined the District's proportionate share of the net pension liability is \$3,834,580 as of June 30, 2014. The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at www.kpers.org or can be obtained as described in the first paragraph above. Note: The report expected to be issued by KPERS containing the allocation of the net pension liability to participating entities may not be available from KPERS for those entities who will be issuing reports with fiscal years ending December 31, 2014 in early 2015. It is not known at the time of this publishing date when this information will be available from KPERS. If the KPERS report is not available at the time the District issues their financial statements, it would not be appropriate to disclose the Net Pension Liability footnote.

NOTE H- RISK FINANCING AND RELATED INSURANCE ISSUES

The district is exposed to various risks of loss related to torts; theft of, damage to; and destruction of assets; errors and omissions; injuries to employees; and nature disasters. The district continues to carry insurance for all risks of loss including workers compensation. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE I- FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value amounts for cash and cash equivalents approximate carrying amounts due to the short maturities of these instruments. Financial instruments that subject the district to significant concentration and credit risk consist of cash and cash equivalents. The district places its cash in market interest rate accounts and are insured fully by FDIC coverage and pledged securities with fair market value equal to or greater than its cash and cash equivalents.

NOTE J- FIDUCIARY/TRUST TYPE FUNDS

The District does not currently have any of these funds in their financial statement FYE 6/30/15.

NOTE K- OTHER POST-EMPLOYMENT BENEFITS

As provided by K.S.A 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. Currently, the district has 2 members that are covered under such provision, and they will no longer be covered in August of 2015.

NOTE L- IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$276,723 subsequent to June 30, 2015 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2015.

NOTE M- LONG-TERM DEBT

The District is responsible for Series 1999 General Obligation School Bonds. Please refer to Note U for further analysis of the

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

bond issuance and information.

NOTE N- CAPITAL PROJECT COMPLIANCE

The District currently has no capital projects being undertaken.

NOTE O- LITIGATION CONTINGENCIES

The District currently has no litigation contingencies that it is involved in.

NOTE P- COMMITMENT AND CONTINGENCIES

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2015.

NOTE Q- SUBSEQUENT EVENTS

These financial statements considered subsequent events through November 9, 2015, the date the financial statements were available to be issued.

UNIFIED SCHOOL DISTRICT NO. 109
 Belleville, Kansas
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

Note R - INTER-FUND TRANSACTIONS

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue, to the fund authorized to expend the revenue, have been segregated from normal revenues and expenditures for reporting purposes are are:

FROM	TO	2015	2014
General	Virtual Education	\$ 14,638	\$ 0
General	Special Education	411,021	455,795
General	Parent Education	7,700	7,700
General	Capital Outlay	162,000	324,999
General	At Risk K-12	80,145	53,970
General	Contingency Reserv	10,000	0
General	Vocational Education	16,024	3,329
	Totals	701,528	845,793
Supplemental General	Food Service	47,476	30,000
Supplemental General	Inservce Education	2,500	0
Supplemental General	Textbooks	9,782	14,098
Supplemental General	Vocational Education	75,500	56,671
Supplemental General	Special Education	310,000	330,000
Supplemental General	At Risk K-12	212,740	246,774
	Totals	657,998	677,543
Summer School	General	0	0
	Totals	1,359,526	1,523,336

The above transfers are included in the expenditures of the disbursing fund and included in the revenues of the receiving fund as required by the Cash Basis and Budget Laws of Kansas, and for budget comparison purposes.

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note S- INTER-GOVERNMENTAL ASSISTANCE-STATE

<u>Type of Aid</u>	<u>2015</u>	<u>2014</u>
General	\$ 2,323,819	\$ 2,321,841
Supplemental	266,334	258,288
Block Grant	274,199	0
State Safety	2,139	2,210
Food Service Aid	3,084	2,987
Special Ed.	402,356	412,660
GSA Transportation Weighting	53,418	113,481
Special Ed Transportation Weighting	8,665	43,135
Capital Improvement	9,212	5,802
KHF Fitness	400	0
School District Capital Improvement	3,326	0
School District Mill Levy	564,971	0
School Wellness	0	300
KPERS Expanded Lottery Act	36,401	0
KPERS Employer Cont.	228,977	265,322
Totals	4,177,301	3,426,026

Note T- INTER-GOVERNMENTAL ASSISTANCE-FEDERAL

<u>Type of Aid</u>	<u>2015</u>	<u>2014</u>
Title I Fund	\$ 92,302	\$ 85,348
Title I Carryover	0	0
Food Service	165,373	152,892
Ed Jobs Fund	0	0
Youth Risk Behavior	100	100
Title II Teacher Quality	31,553	36,203
Nutrition Training Grant	175	215
Safe Schools Summit Feed	0	0
Fresh Fruits	5,413	5,517
Totals	294,916	281,275

Federal programs in which the school district participated have specified for what purpose funds are to be expended. All funds unexpended at June 30, 2015 are restricted to federal program specified expenditures.

UNIFIED SCHOOL DISTRICT NO. 109
Belleville, Kansas

Note U - BOND ANALYSIS
STATEMENT OF CHANGES IN LONG-TERM DEBT
For the Year Ended June 30, 2015

Issue	Interest Rate	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds Series 2008	4.0 - 5.5%	\$ 675,000	9/1/2014	\$ 65,000	0	-\$65,000	-\$65,000	\$ 0	\$1,527
TOTAL LONG TERM - DEBT				<u>\$ 65,000</u>	<u>\$ 0</u>	<u>-\$65,000</u>	<u>-\$65,000</u>	<u>\$ 0</u>	<u>\$1,527</u>

REMAINING
None

PAID
General Obligation Bonds

TOTAL
\$0
\$675,000